

# Agricultural Situation

## OUTLOOK ISSUE

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U. S. Department of Agriculture

### 1958 FARM PRICES, INCOMES TO AVERAGE MUCH LIKE 1957

Prices and incomes to farmers are expected to average in 1958 much the same as this year. Large supplies, a strong domestic market, and near record exports are likely.

The long-run downtrend in number of farms and farm people will likely result in more income per farm and per person living on farms in 1958.

Larger cash receipts from marketings of livestock products are offsetting a decline in crop receipts this year. Soil Bank payments are likely to add about 680 million dollars to gross income. But farmers' production expenses are also up and farmers' realized net income this year will be only slightly above 1956.

Gross farm income may show a small further increase in 1958, with slightly larger marketings and about the same level of prices. Government payments to farmers may total about the same. Smaller payments are indicated for the Acreage Reserve and larger payments for the Conservation Reserve of the Soil Bank.

Farm product prices this year are averaging 3 percent above 1956, reflecting higher prices for livestock products. The improved level of prices to growers is expected to continue into

1958. In response to smaller marketings, hog prices this year averaged 20 percent above a year ago. Improved range conditions also have contributed to a strong demand for feeders as well as to generally higher cattle prices.

But big supplies of poultry products have resulted in sharply lower prices this year. Feed grain prices are also well below last year. This year's crops were large and supplies more than ample.

The present downswing in cattle numbers probably will result in reduced slaughter in 1958 and generally rising prices for cattle.

Smaller supplies and higher prices for eggs are in prospect for the first half of 1958. More hogs are on the way and a further increase is indicated for next spring. Thus lower prices for hogs are indicated, at least by fall of 1958.

Supplies of major crops are large and price supports in the 1957-58 marketing year are a little below those for the 1956 crop. Somewhat lower prices are indicated for 1958-crop wheat, reflecting a large crop and a lower price-support level.

Prices paid by farmers for commodities, interest, taxes, and farm wage rates in the first three quarters this

year were up 4 percent, the sharpest year-to-year gain since 1951.

Although the index of prices paid by farmers has tended to level off in recent months, some further small increases appear likely, particularly increases due to higher tax and interest costs and possibly higher wage rates. Little change in the relatively stable parity ratio is indicated for next year, but a further rise in cost rates to producers could lead to some decline.

Output of farm products this year, much of which will be marketed in 1958, is now estimated at the record level of 1956. Totals for both livestock products and crops are high.

Farm output in 1958 may equal or exceed this year's record outturn, if weather and yields continue favorable. Although cattle slaughter may be down some, total production of livestock products could edge up in 1958. With less money for the Acreage Reserve Program and favorable soil moisture, fewer acres of cropland may be withdrawn from production.

In addition to record output of farm products, carryover stocks are large. Cotton stocks still exceeded 11 million bales last August, but they may be reduced again during the current marketing year.

The 908 million bushels of wheat on hand last July, though down 125 million bushels, was still about equal to annual utilization. Corn stocks increased by 235 million bushels to a total of nearly 1.4 billion last October. A further rise is indicated for the 1957-58 feeding year.

The domestic market for food and other farm products will reflect the addition of another 3 million con-

sumers as well as high consumer incomes.

Consumer income after taxes has increased 5 percent over the past year, reflecting higher prices and a larger population. Per capita purchasing power continued at the high level of a year ago and will likely be maintained in the coming year. Consumer spending for food continues to rise with income, but much of the increase has been absorbed by additional services and higher cost of marketing and processing foods.

The farmer's share of the consumer's food dollar this year approximates the 40 cents average in 1956. Per capita consumption of food in 1957 is down slightly from last year, reflecting a reduction in consumption of red meats and some crops.

Exports of farm products were at a record high of \$4.7 billion in 1956-57, more than a third larger than a year earlier. Record sales of cotton, wheat, and rice increased the volume of exports by 40 percent.

For the most part, special factors assisted by Commodity Credit Corporation sales at competitive world prices accounted for the rise in exports. Although funds and authority are available to maintain shipments under the special export programs, exports in the current fiscal year are not likely to equal the record level of 1956-57.

Cotton exports, while they are expected to be larger than in most other recent years, will fall somewhat short of the 7.6 million bales in 1956-57. With a better European wheat crop, wheat exports will probably not match the 550 million bushels exported last year.

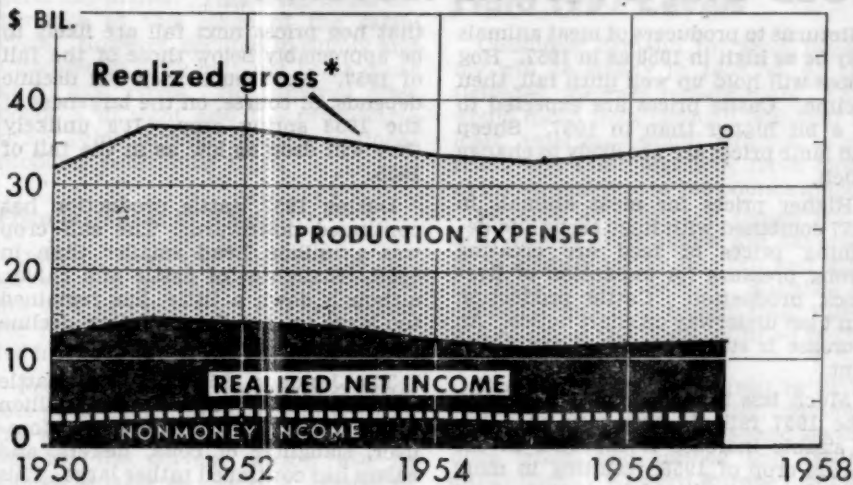
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## INCOME OF FARM OPERATORS



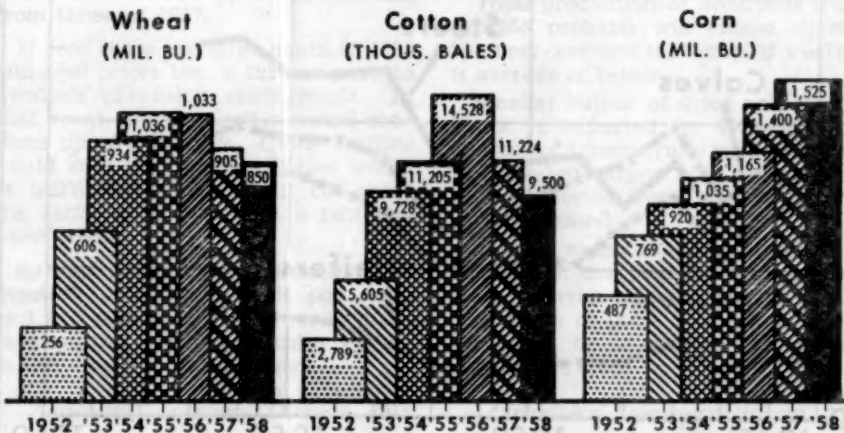
\* INCLUDING GOVERNMENT PAYMENT

○ BASED ON FIRST THREE QUARTERS OF THE YEAR

U. S. DEPARTMENT OF AGRICULTURE

NEG. 443A-57 (10) AGRICULTURAL MARKETING SERVICE

## CARRYOVER OF MAJOR FARM COMMODITIES



CROP YEARS BEGINNING: WHEAT, JULY 1; COTTON, AUG. 1; CORN, OCT 1

HEIGHT OF BARS ARE PROPORTIONAL TO VALUE. 1957 BARS BASED ON PROSPECTS FOR PRODUCTION AND DISAPPEARANCE AS OF SEPTEMBER, 1957

U. S. DEPARTMENT OF AGRICULTURE

NEG. 80A-57 (10) AGRICULTURAL MARKETING SERVICE

# MEAT ANIMAL PRICES MAY HOLD STEADY UNTIL AUTUMN

Returns to producers of meat animals may be as high in 1958 as in 1957. Hog prices will hold up well until fall, then decline. Cattle prices are expected to be a bit higher than in 1957. Sheep and lamb prices are not likely to change much.

Higher prices for meat animals in 1957 combined with huge crops and declining prices of feed are creating strong pressure for expansion of livestock production. Cattle production can't get underway on short notice. An increase is still a couple of years distant.

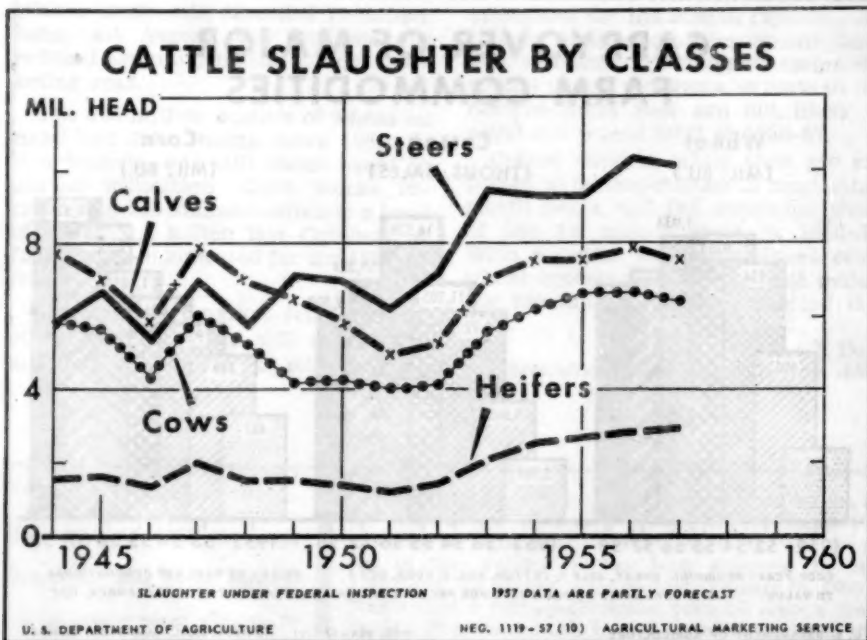
Much less time is required for hogs. The 1957 fall pig crop was up a bit. A sizable increase is expected in the spring crop of 1958, resulting in more hogs being marketed beginning about August.

As a result, while hog prices seem likely to hold close to year-earlier levels until August 1958 they will decline more than usual afterward, so

that hog prices next fall are likely to be appreciably below those of the fall of 1957. How much they will decline depends, of course, on the largeness of the 1958 spring crop. It's unlikely they will drop as low as in the fall of 1955.

During 1957, cattle production has continued downward. The calf crop was a million head smaller than in 1956. Slaughter of cattle and calves, although down a little, has remained too large to stop the inventory decline that began last year.

The January 1958 number of cattle on farms may be around 2 million below the January 1957 figure. Moreover, slaughter of cows, heifers, and calves has continued rather large. This makes a quick turnabout in production unlikely. Prospects are for cattle numbers to continue downward for another year or two and for annual slaughter to decrease for a somewhat longer period.



During the several years just ahead, prices of cattle are expected to tend generally higher. This is the usual experience at this stage of the cattle cycle. However, declines in supply and increases in price may not be as great as in past cycles. No runaway price boom is in sight, and the prospective price gains depend upon a national economy continuing high.

### **Price Increases Will Vary**

Judging from the pattern thus far, increases in prices from their 1955-56 low to their cyclic high will be greatest for feeder calves and for cows, least for high-grade fed steers.

Feeder cattle have gone into feedlots at considerably higher prices this fall than last, yet the volume of feeding for the current season will be almost as large as last year. Prices of fed steers are likely to average a little higher in 1958 than this year. Price strength will come from a smaller supply of cows and heifers for slaughter.

Apparently more ewe lambs than usual are being held back this year, particularly in the Southern Plains. It is too soon to be certain, however, that an upturn is beginning in sheep production. With cattle prices higher and hog prices lower, prices of sheep and lambs in 1958 may not differ much from those of 1957.

If feed crops are large again in 1958 and feed prices low, a further push to livestock expansion could result. In that event, hog production would continue upward in 1959. Cattle feeding would stay very large. Forces would be intensified which might cut short the cattle cycle and start a new upward trend.

So long as feed production outruns livestock production, as it has done by 4 to 5 percent in recent years, pressures on the livestock industry will be in the direction of expansion.

**Harold F. Breimyer**  
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## **Fruit Use Should Hold 1957 Levels**

Consumer demand for fruit probably will be steady in 1958, if, as anticipated, incomes remain high. That would mean that, through mid-year at least, Americans would continue to eat fruits and fruit products, fresh basis, at the annual rate of 200 pounds apiece.

Supplies of fresh and frozen fruits and canned fruit juices are expected to be slightly larger this fall and winter than a year earlier. Supplies of canned fruits and frozen fruit juices will be about the same; of dried fruits, somewhat less.

The world demand for fruit in 1957-58 may strengthen slightly, particularly for apples, pears, canned deciduous fruits, and canned and frozen citrus juices. Western Europe has had a very short deciduous fruit crop.

In the 1957-58 season for citrus fruit, now well underway, larger crops are expected for early and mid-season oranges and for Florida Valencias. There is no appreciable change in grapefruit. Crop prospects for tangerines, lemons, and California Valencias are less favorable than a year ago.

### **1958 Deciduous Production**

Total production of deciduous fruits in 1958 probably will exceed slightly the near-average 1957 crop, if weather is average or better.

Smaller output of dried and canned fruits is expected in 1957-58. The amount of frozen fruits packed in 1957 is indicated larger and the season's pack of Florida frozen orange concentrate increased.

Lighter crops of almonds, walnuts, and pecans this year more than offset much heavier filbert output. Total production of these 4 tree nuts is expected to be moderately under the record 1956 crop.

**Ben H. Pablos**  
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## SMALLER COTTON CARRYOVER LIKELY ON AUGUST 1, 1958

The supply of cotton in the United States in the current season is expected to be considerably smaller than the record high of 27.6 million bales in 1956-57.

The starting carryover is down about 3.3 million bales from the record high of 14.5 million on August 1, 1956, and the crop is much smaller than the 13.2 million running bales of 1956-57.

### Disappearance To Be Less

Although disappearance is expected to decline from the 16.2 million bales of 1956-57 to about 14 million during the current season, supplies will be down more. Consequently, the carryover on August 1, 1958, will be considerably smaller than it was a year earlier.

As of November 1, 1957, about 5.6 million bales of the 1957 crop had been ginned. This compares with about 9.7 million bales on November 1, 1956, and 9.6 million bales on November 1, 1955.

Commodity Credit Corporation loans outstanding on 1957-crop cotton on November 8, 1957, covered about 0.8 million bales compared with 2.2 million bales a year earlier.

Total CCC stocks (owned and held as collateral against outstanding loans but excluding sales for export) were about 5.7 million bales on November 8, 1957, compared with about 9.8 million bales a year earlier.

Cotton exports during the current season are estimated at around 5.5 million bales. This would be a little more than 2 million bales smaller than the large exports of 1956-57. Nevertheless, this figure would be the second largest for exports since 1951-52.

The 1956-57 exports were large because of a 2-million-bale stock buildup in foreign countries. It's not likely this stock buildup will be repeated in 1957-58.

Production of cotton abroad increased steadily from the end of World War II to 1954. Since then, it has remained more or less stationary. At

the same time, however, consumption of cotton abroad has continued to increase, creating a larger export market for U. S. cotton.

The U. S. Government, as of November 8, had allocated about \$254 million to finance cotton exports during the fiscal year ending June 30, 1958. If completely used, these funds will finance the export of about 1.7 million bales.

In the year ended June 30, 1957, about \$406 million were used, covering about 2.7 million bales. The CCC had sold about 3.7 million bales for export during the 1957-58 marketing year as of October 29, 1957. A year earlier, about 4.6 million bales had been sold for export in the 1956-57 marketing year.

Recent sales have been small, totaling only 19,595 bales from bids opened on October 29, 1957. The lag was largely due to the limited selection available from cataloged CCC stocks. On October 29, cataloged CCC stocks of upland cotton totaled about 1.2 million bales, most of which were the lower qualities.

### CCC Action

On November 13, 1957, CCC announced that about one-quarter of the 1956-crop upland cotton in its stocks would be added to the catalog immediately. This cotton was available for sales for unrestricted use on November 25, 1957 (Sales Announcement NO-C-5) and for sales for export on December 3, 1957 (Sales Announcement NO-C-9).

Another quarter of the stocks will be added to the catalog after each pair of sales until all of the 3.7 million bales of CCC-owned 1956-crop upland cotton has been accounted for. Sales under both announcements are made every 2 weeks. The release of the 1956-crop cotton will make a wider selection available to exporters.

Frank Lowenstein  
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## Higher Poultry Income Is Expected In 1958

Income from most poultry enterprises in 1958 is expected to improve over 1957 figures. Egg producers will probably make most of the gains, benefiting from prospective higher prices, lower feed costs, and near-record volume of sales.

The prospective higher egg prices and lower feed costs in 1958 will be reflected in higher product-feed price ratios than in recent years (see chart below).

Prospects for producers of poultry meat are less favorable, with mounting output of broilers and large storage stocks of turkeys likely through the summer.

Laying flocks will expand in the second half of 1958, but layers at the start of the year will be down 5 percent from 1957.

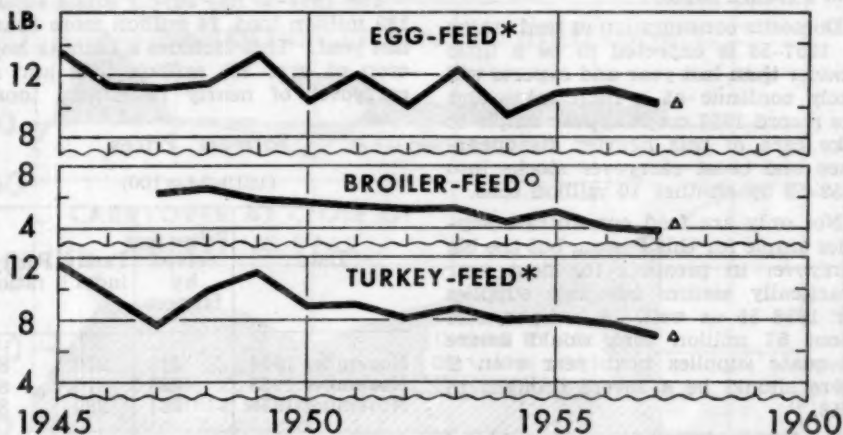
Broiler production, under the contracting system, is likely to continue at a record level, prices probably will average nearly the same as in 1957, and profit margins continue narrow.

Similar financing for turkeys may limit the cut in output to 5 to 10 percent below this year's record crop. An output reduction of this size could raise prices in the last 3 or 4 months of 1958 to levels above a year earlier. Large storage stocks will hold down prices early in the year.

Supplies of eggs in 1958 are likely to decline as much as 5 percent from the 360 eggs per capita in 1957. Large stocks of frozen turkey at the beginning of the year will keep 1958 supplies close to the 1957 record of 5.8 pounds, even if production declines slightly. Per capita chicken consumption next year will be up because of larger broiler output.

Edward Karpoff  
Agricultural Economics Division, AMS

### POULTRY PRODUCT / FEED PRICE RATIOS



\*POUNDS OF POULTRY RATION THAT COULD BE BOUGHT WITH A DOZEN EGGS OR A POUND OF TURKEY

°POUNDS OF BROILER NASH THAT COULD BE BOUGHT WITH A POUND OF BROILER Δ1957 ESTIMATE

# RECORD FEED SUPPLIES MEAN LARGER 1958-59 CARRYOVER

Record feed supplies are available for the 1957-58 feeding season and a further increase in the carryover of feed grains into 1958-59 is in prospect. Total supplies of feed concentrates and hay exceed those of any past year, both in total and in relation to the number of livestock to be fed. High-protein feed supplies are expected to at least equal last year's record.

These big supplies are the result of a favorable growing season this year for feed grains, hay, and soybeans, and the big feed grain stocks carried over from previous years. Supplies of feed grain and hay are better distributed by areas than in any of the last 4 or 5 years.

## Concentrate Supplies Up

The total supply of feed grains and other concentrates is up 7 percent from last year's record 200 million tons. Grain-consuming animal units in the 1957-58 season are expected to go up slightly from the 1956-57 level. Available supplies would provide 1.3 tons per animal unit, 6 percent more than last year's record supply.

Domestic consumption of feed grains in 1957-58 is expected to be a little heavier than last year and exports will likely continue at a high rate. But the record 1957 crops appear ample to take care of this heavier disappearance and boost carryover stocks into 1958-59 by another 10 million tons.

Not only are feed concentrate supplies ample for this season, but the big carryover in prospect for next year practically assures adequate supplies for 1958-59 as well. A carryover of about 57 million tons would assure adequate supplies next year even if there should be a severe drought in 1958.

Feed grain output has exceeded total consumption in each of the last 5 years, as shown in the accompanying chart. As a result, carryover stocks of feed grains have increased steadily.

Total carryover this year was at a record level of 47 million tons, more than double that of 5 years ago. Four-fifths of these big stocks are under loan or owned by Commodity Credit Corporation.

The 1957-58 corn supply is a little larger than the record supply in the previous season and up a fifth from the 1950-54 average. Supplies of barley and sorghum grains also are the largest of record, while the oats supply is only slightly above average.

Supplies of high protein feeds for 1957-58 are expected at least to equal the large supply of last year. Production of soybean cake and meal may be a little larger than last year's record output of 7.5 million tons, while smaller production of cottonseed and linseed meal is in prospect. Although the number of livestock consuming these feeds is expected to increase, supply per animal unit is likely to be near record. Prices of high-protein feeds in October were only slightly lower than a year ago, and they may average near last year's level for the 1957-58 feeding season.

The 1957-58 hay supply totals about 139 million tons, 14 million more than last year. This includes a bumper hay crop of over 121 million tons and a carryover of nearly 18 million tons.

## Farmers' Prices

(1910-14=100)

Date	Prices received by farmers	Parity index <sup>1</sup>	Parity ratio
November 1954	242	279	87
November 1955	225	279	81
November 1956	234	289	81
September 1957	245	296	83
October 1957	240	296	81
November 1957	242	298	81

<sup>1</sup> Index of prices paid, interest, taxes, and wage rates.



The number of roughage-consuming animal units is expected to be a little smaller than in 1956-57 as a result of a decline in the number of cattle. The supply per animal unit, of a little over 1.5 tons, is about 14 percent above the 1950-54 average.

In addition to the big hay supplies, summer and fall pastures have generally been the best in recent years. Forage supplies are ample in most areas of the country.

Feed grain prices this fall are lower than a year ago as a result of the record production and lower price supports than in 1956. Prices received by farmers in mid-November averaged 16 percent lower than a year earlier. They are expected to continue lower at least through winter and spring.

The national average support rate for 1957 corn is \$1.40 per bushel for producers in the commercial area complying with their acreage allotments, and \$1.10 for noncompliers. Since a comparatively small percentage of

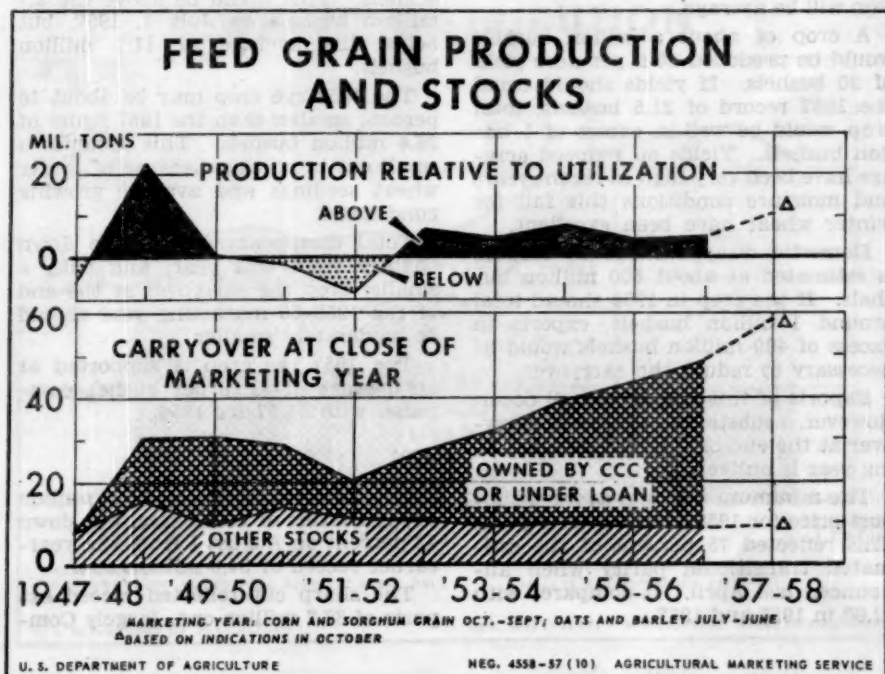
farmers in the Corn Belt are eligible for the \$1.40 per bushel support, prices probably will average lower this winter and spring than the \$1.21 per bushel average in this period of 1956-57.

### Feed-Livestock Price Ratios

Feed prices generally are lower in relation to prices of livestock and livestock products than a year ago. During most of 1957, livestock-feed price ratios have been favorable for hog and cattle producers and for dairymen. Their favorable level probably will be maintained during this winter and spring.

Lower feed prices in 1957-58 are likely to show up in lower prices for dairy and poultry rations. The milk-feed price ratio is expected to continue favorable in 1957-58, and egg prices probably will be higher relative to feed than in 1956-57.

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## WHEAT CARRYOVER CUT SEEMS LIKELY IN 1958

Another reduction in the wheat carryover, probably around 50 million bushels, is in prospect next July 1, the end of the current marketing year.

Domestic use in 1957-58 is expected to hold close to the level of recent years. Exports will fall below the record 1956-57 total of 549 million bushels, but still continue at a very high level.

The record 1956-57 export was responsible for reducing the carryover 125 million bushels during the year. Stocks had risen from 256 million bushels in 1952 to 1,036 million in 1955. Much of the record export moved under Government aid programs as in other recent years.

A favorable growing season probably would result in a large wheat crop in 1958. About 50 million acres are expected to be harvested, assuming that 5 million acres will be put into the Acreage Reserve of the Soil Bank and that acreage abandonment and diversion will be average.

A crop of about a billion bushels would be produced at a per-acre yield of 20 bushels. If yields should equal the 1957 record of 21.5 bushels, total crop would be well in excess of 1 billion bushels. Yields on reduced acreage have been very high in recent years and moisture conditions this fall for winter wheat have been excellent.

Domestic disappearance in 1958-59 is estimated at about 600 million bushels. If the crop in 1958 should total around 1 billion bushels, exports in excess of 400 million bushels would be necessary to reduce the carryover.

Exports of this size could well occur. However, a substantial decline in carryover at the end of the 1958-59 marketing year is unlikely.

The minimum national average support price for 1958-crop wheat is \$1.78. This reflected 75 percent of the estimated transitional parity when announced last April. It compares with \$2.00 in 1956 and 1957.

### Rye

The supply of rye in 1957-58 is down from a year earlier. Sharply smaller exports this year, however, may result in a slightly larger carryover next July 1.

The supply of 36.5 million bushels includes carryover of 6.7 million bushels, estimated production of 26.4 million, and imports of 3.4 million (restricted by quota). The total supply is down from the 41.7 million bushels in 1956-57 and the 1946-55 average of 37 million.

Domestic disappearance of rye in 1957-58 may total about 24 million bushels with exports probably about 4 million bushels. This export estimate would exceed the average of 3 million, but it would be sharply below the 10.7 million bushels of 1956-57.

On this basis, the carryover next July 1 would total about 8 million bushels. This would be above the 6.7 million bushels on July 1, 1957, but below the average of 11.7 million bushels.

The 1958 rye crop may be about 10 percent smaller than the 1957 figure of 26.4 million bushels. This assumes a small cut in acreage because of larger wheat seedings and average growing conditions.

Total disappearance may be down slightly from this year, and with a smaller crop the carryover at the end of the 1958-59 marketing year should be moderately smaller.

The 1957 rye crop is supported at an average of \$1.18 per bushel, compared with \$1.27 for 1956.

### Rice

The rice carryover of 20.1 million cwt., in terms of rough rice, was down 42 percent on August 1 from the year-earlier record of 34.6 million cwt.

The sharp cut reflected record exports of 37.7 million cwt., largely Com-

modity Credit Corporation stocks moved under Government foreign aid programs. Reduced acreage cut the crop 15 percent. A decline in carryover is also expected next August 1.

Total 1957-58 supplies of rice are estimated at 63.2 million cwt. This includes carryover, an estimated crop of 42.9 million cwt., and imports of 0.2 million.

Domestic use is expected to be about 27.2 million cwt. and exports about 19 million cwt. Exports will come largely from CCC stocks under Government financing.

By this calculation, carryover in terms of rough rice next August 1 would be about 17.0 million cwt. This figure would be down sharply from the August 1, 1956, record but it would be over 3 times the 1946-55 average of 5 million cwt.

With the national acreage allotment for 1958 set at the 1956 level of 1,-

653,000 acres, about 1,460,000 acres may be harvested. This assumes growers will approve marketing quotas.

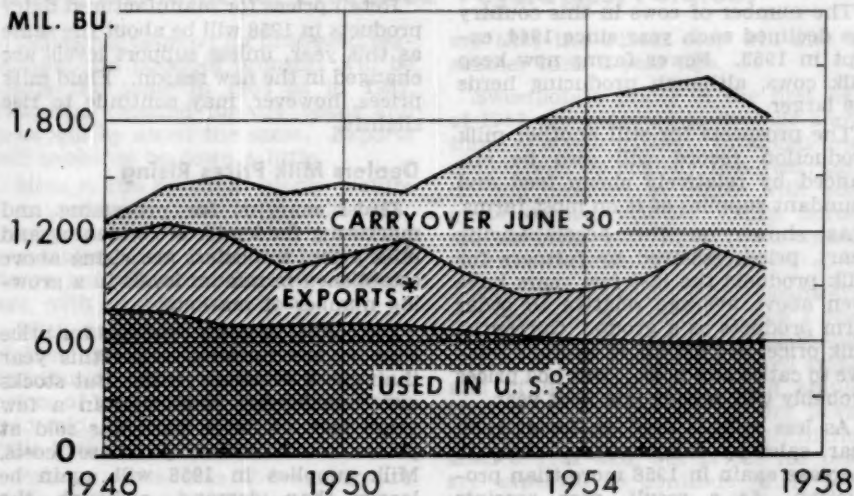
Underplanting and abandonment may account for about 40,000 acres and the Soil Bank for 150,000. A crop of 45 million cwt. would be indicated on this acreage, if yields equal the 1955-57 average of 30.85 cwt. per harvested acre.

With domestic disappearance for 1958-59 estimated at 27.4 million cwt., a crop of this size would require exports in excess of 17.8 million cwt. in order to reduce the carryover on August 1, 1959.

If yields equal to the record high 31.73 cwt. per harvested acre are obtained, a crop of 46.3 million cwt. would be produced and exports in excess of 18.9 million cwt. would be needed to avoid an increase in the carryover.

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## WHEAT DISTRIBUTION



YEAR BEGINNING JULY

\* INCLUDES FLOUR MILLED FROM DOMESTIC WHEAT ONLY

° INCLUDES TERRITORIAL AND MILITARY FOOD USE  
1957 DATA ARE SEPTEMBER ESTIMATES

U. S. DEPARTMENT OF AGRICULTURE

NEG. 1016A-57 (9) AGRICULTURAL MARKETING SERVICE

# STEADY DEMAND FOR MILK SEEMS ASSURED IN 1958

Dairy farmers can count on a steady demand for milk in 1958. Prices will be about the same as in 1957, unless support levels are changed for the new marketing year beginning April 1.

Cash receipts may rise with increased marketings. Net returns to dairymen also may improve, since average costs, including feed, probably will hold about the same as in 1957.

## New Production Records Likely

New production records probably will be set again next year (for the sixth consecutive year), as output per cow continues to rise. This will be true, even though the number of cows will decline further.

Total milk output this year reached a new record high of 127 billion pounds, 1.3 billion pounds, or 1 percent, more than in 1956. Greater output per cow again accounted for the increase.

The number of cows in this country has declined each year since 1944, except in 1953. Fewer farms now keep milk cows, although producing herds are larger.

The prospects for still another milk production record will also be enhanced by relatively cheap feed and abundant supplies of it on most farms.

As shown on the accompanying chart, prices received by farmers for milk products the last few years have been above average relative to other farm products as a group. Currently, milk prices are not above average relative to cattle and hogs. But hog prices probably will decline late next year.

As less milk is used on farms each year, sales by dairymen are likely to increase again in 1958 more than production. As a result, cash receipts from dairy products are likely to exceed the record of \$4.6 billion reached in 1957. Given virtually unchanged costs, this would mean higher returns.

In spite of rising consumer incomes for a number of years, demand has weakened for butter, evaporated milk, and a few other dairy products. However, decline in butter demand may have halted during 1957 and commercial consumption may even have increased slightly.

Stronger demand for fluid whole milk, cheese, and ice cream has not been enough to offset declines for other items.

Many of the dairy items with increased consumption contain mostly solids-not-fat and little or no milkfat. Per capita consumption of milk solids-not-fat in all dairy products has been 48 pounds in recent years, compared with 46 pounds in 1950, and less than 40 pounds in the 1920's and 1930's.

Consumption of milk fat in all forms has dropped to about 27 pounds per person, compared with 29 pounds in 1950 and 31 to 32 pounds most of the 20 years before World War II.

Retail prices for manufactured dairy products in 1958 will be about the same as this year, unless support levels are changed in the new season. Fluid milk prices, however, may continue to rise slightly.

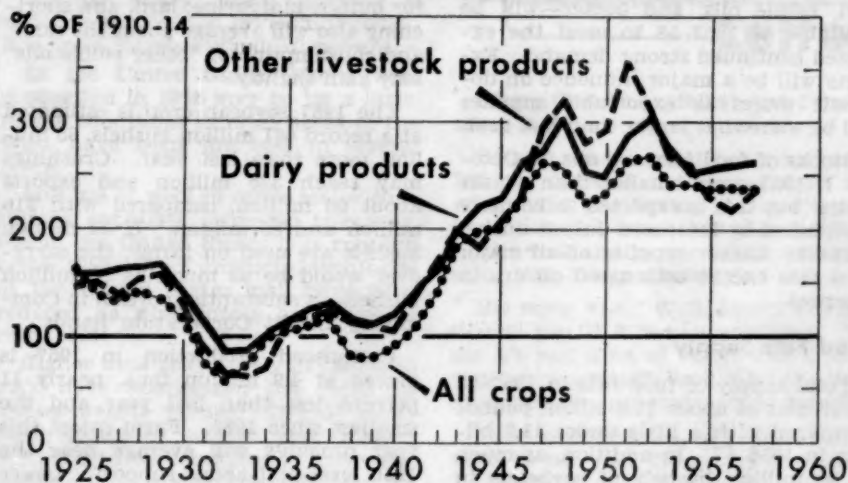
## Dealers Milk Prices Rising

Gross margins for processing and marketing fluid milk are widening and milk prices to dealers are rising above established minimum levels in a growing number of markets.

Purchases of dairy products for price support are running larger this year than the 2 previous years. But stocks are considerably smaller than a few years ago. A large part was sold at prices much below purchase costs. Milk supplies in 1958 will again be larger than demand, although the amount purchased will depend upon the support level.

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## PRICES FOR DAIRY PRODUCTS AND OTHER FARM PRODUCTS



U. S. DEPARTMENT OF AGRICULTURE

REG. 4443-57 (9) AGRICULTURAL MARKETING SERVICE

## Stable Demand For Processed Vegetables, Potatoes

Consumer demand for processed vegetables and potatoes probably will be about the same in 1958 as in 1957. Domestic demand for dry beans and peas will be about the same. Exports will probably be down a little.

Here is the probable supply picture for processed items into mid-1958: Frozen vegetables, record high; canned vegetables, down from the large 1957 figure, but well above the 1949-55 average, with all items plentiful.

With smaller supplies of canned vegetables and increased processing and distribution costs, wholesale and retail prices of both canned and frozen items into mid-1958 are likely to average a little higher than in 1957.

Potato prices into the spring are likely to average considerably above the low levels of a year earlier, since supplies, although ample, are expected to be significantly smaller. Indications

are that the winter crop will also be smaller than a year ago.

Sweetpotato prices in the first half of 1958 are expected to average above those of a year earlier. Although total output was up slightly this year, production declined in States with adequate storage facilities. Thus, northern markets may have fewer sweetpotatoes through the spring.

Although fewer dry edible beans and dry peas will be available than a year ago into the late summer of 1958, supplies of dry beans are considered ample and of dry peas more than ample. Overall prices received for dry beans are likely to average moderately higher than a year ago, but prices for peas are expected to continue fairly low, barring an unexpected increase in export demand.

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## FOOD FATS 1957-58 PRICES MAY DEPEND ON EXPORTS

Large supplies of food fats and oils—lard, edible oils, and butter—will be available in 1957-58 to meet the expected continued strong demand. Exports will be a major influence on domestic prices as exportable supplies will be somewhat larger than last year.

Stocks of food fats and oils on October 1, 1957, were smaller than a year earlier but this is expected to be more than offset by increased output during 1957-58. Larger supplies of all major food fats except cottonseed oil are in prospect.

### Food Fats Supply

Total supply of food fats in 1957-58 is forecast at about 11.8 billion pounds compared with a little under 11.7 billion in 1956-57. In addition, as much as 50 million bushels of soybeans in excess of probable market outlets will be available and are likely to remain on hand on October 1, 1958. Prices of the major food fats, excluding butter, are likely to be somewhat lower than in the past year.

Exports of food fats and oils this season may total a little less than the 1956-57 record. Foreign demand will be encouraged by U. S. prices lower than in 1956-57 but will depend largely on Government programs authorizing sales for currencies of purchasing countries.

Competition in world markets will be keener than in the two preceding marketing years as exportable supplies in several countries will be larger during 1957-58.

Exports of edible vegetable oils in 1957-58 under Public Law 480 probably will equal and may even exceed those of 1956-57. However, shipments under International Cooperation Administration programs and regular commercial transactions are expected to be a little lower.

Domestic use of food fats and oils may average about 44.5 pounds (fat content) per person, close to the esti-

mated 1956-57 rate. Per capita rates for butter, margarine, lard, and shortening also will average about the same, and consumption of "other edible oils" may gain slightly.

The 1957 soybean crop is estimated at a record 491 million bushels, 35 million more than last year. Crushings may reach 325 million and exports about 90 million, compared with 316 million and 85 million. If 32 million bushels are used on farms, the carry-over would be as much as 50 million bushels—a substantial portion in Commodity Credit Corporation hands.

Cottonseed production in 1957 is placed at 4.9 million tons, nearly 11 percent less than last year and the smallest since 1950. Farm prices this year probably will average near the 1956 level and above support. Lower quality this year has tended to offset the effect of smaller supply on prices.

Increased lard output in 1957-58 is expected to more than offset the decline in beginning stocks. Prices through most of this marketing year probably will remain under a year earlier as hog slaughter gains momentum. Exports are likely to remain near last year's record.

### Peanut Supplies

Peanut supplies exceed probable farm uses and food needs. Farmers' prices in 1957-58 will average near the support program loan value, which is down slightly from a year earlier.

Flaxseed supplies in 1957-58 will be relatively tight. The 1957 crop is indicated at 27 million bushels, the smallest since 1946 and only a little more than half the 1956 output. Infestation of aster yellows in the important producing states of Minnesota and North and South Dakota has sharply reduced yields. Inedible tallow and grease output will reach last year's high level.

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## 1957-58 Wool Output May Rise Slightly

Slightly larger world supplies of wool are expected in 1957-58. Production may increase about 1 percent.

In the United States, shorn wool production in 1958 may be up a little. Range conditions in most areas of the West have been the best in several years.

Mill use of wool in other major consuming countries increased this year, but in the United States it is running below 1956. Wool products inventories in the United States may have been reduced as wool prices and interest rates rose.

Higher wool prices early in 1957 also may have accelerated the trend to lighter-weight fabrics. Use of man-made fibers by woolen and worsted mills increased considerably this year, mostly due to higher prices of wool relative to prices of manmade fiber.

Larger imports of wool manufactures also were a factor in the decline. Some improvement in mill use appears likely, however, as inventories of wool products approach minimum working levels.

### Larger Imports Needed

With Commodity Credit Corporation holdings now very small and commercial stocks about in line with mill use, larger imports would be needed to maintain mill use of apparel wool even at the low rate of this fall.

Less demand for wool in Japan, the United Kingdom, France, and the United States caused wool prices to decline somewhat from the peak levels of May.

Shorn wool prices to domestic growers so far this season have averaged well above the 1956 season average. The 1957 season average is likely to exceed that of 1956, and payment rates under the incentive program probably will be down. But lower average price and higher payment rates may be in prospect for 1958.

Albert Hermie  
*Agricultural Economics Division, AMS*

## "Bert" Newell's Letter

Merry Christmas, folks! And I really mean it.

Several years ago, after we had gotten out our end-of-the-year crop report, and I was feeling rather relieved and relaxed, I caught up with a fellow in the hall and in my brightest mood said, "Hi! Merry Christmas."

His reply was, "Well, Merry Christmas to you, if it means anything. To me it's just a lot of hooey that's been way overcommercialized, and it's just an excuse for spending a lot of money."

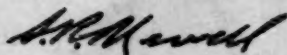
I was so dumbfounded I didn't know what to say, so I didn't say anything. I thought, well, maybe his shoe is pinching him, or he got up on the wrong side of the bed this morning, or maybe he needs a "little liver pill."

But I don't think it was that simple. He just seemed to be one of those guys that are all wrapped up in themselves and have little or no regard for anyone around them.

I feel sorry for a fellow like that. He's missing half the fun of living. The thing I like most about Christmas is that it is one time of the year when everybody, or most everybody, takes time out to think about the other fellow. Whether it's a Christmas card, or a little note, or just a friendly "Hello, Merry Christmas," it represents a concern for other people.

That's really the meaning of Christmas—a time to remember One who was willing to suffer because of His concern for us.

So, I say to you in all sincerity—"Hi! Merry Christmas! And may your New Year be happy and prosperous."



S. R. Newell  
*Chairman, Crop Reporting Board, AMS*

FOOD  
MAY RISE SLIGHTLY

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## Farmer's Share of Consumer's Food Dollar

September 1956-----	41 percent
August 1957-----	40 percent
September 1957-----	40 percent

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